

HERTFORD COUNTY ANNUAL BUDGET PRESENTATION

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BUDGET COMPOSITION

The proposed Fiscal Year 2011-12 Budget for Hertford County, North Carolina has been prepared in accordance with the NC Local Government Budget and Fiscal Control Act and General Statute 153A-82. The Budget identifies revenue and expenditure estimates for FY 11-12 and attempts to maintain a continuum of quality services to the citizens of Hertford County.

- ✓ Revenues
- ✓ Expenditures
- ✓ Northern Water District
- ✓ Southern Water District
- ✓ Solid Waste
- ✓ Enhanced 911 Fund
- ✓ Register of Deeds Enhancement & Preservation Fund
- ✓ Capital Reserve Fund



G.S. 159-11(e) Requirements

In each year in which a general reappraisal of real property has been conducted, the budget officer shall include in the budget, for comparison purposes, a state of the revenue-neutral property tax rate for the budget. The revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.



G.S. 159-11(e) Requirements (cont'd)

To calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. This growth factor represents the expected percentage increase in the value of the tax base due to improvements during the next fiscal year. The budget officer shall further adjust the rate to account for any annexation, de-annexation, merger, or similar event.



Calculation Methodology

- Determine a rate that would produce revenues equal to those produced for the current fiscal year.
- Increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.
- Adjust the rate to account for any annexation, de-annexation, merger or similar events.



Step 1. Determine a Rate



	Value	Calculation
FY 11 Projected Total Valuation	1,210,180,760	
FY 11 Tax Rate	0.91	
Tax levy at current rate w/o Revaluation	11,012,645	$(1,210,180,760/100) \times 0.91$
FY 12 Projected Total Valuation	1,389,428,276	
Tax Rate Producing Revenue Equal to FY 2011	0.7926	$=(11,012,645)/(1,389,428,276/100)$

Step 2. Increase by Growth Factor

Fiscal Year	Assessed Value	Growth Factor (%)
2004	1,149,024,094	
2005	1,167,250,000	1.59%
2006	1,151,410,109	-1.36%
2007	1,159,230,362	0.68%
2008	1,186,007,557	2.31%
2009	1,203,330,247	1.46%
2010	1,203,017,301	-0.03%
2011 (Projected)	1,210,180,760	0.60%
Average Growth - 03-04		0.75%



Step 3. Revenue Neutral Tax Rate

- Revenue-neutral tax rate is .80
- 11 cents below FY 2011 tax rate of 0.91

	Value	Calculation
Rate	0.7926	
Average Growth Rate	0.75%	
Revenue Neutral Tax Rate	0.80	= 0.7926 X 1.0075



What Does This Mean for FY 2012 Budget?



Item	Amount	Calculation
Projected Tax Levy	11,115,426	$= (1,389,428,276/100) \times 0.80$
Projected Revenue (@ 95% collection rate)	10,559,651	$= 11,115,426 \times .95$
	Value of a Penny	
Full Value	\$138,943	$1,389,428,276 \times .0001$
Adjusted Value (@ 95% Collection Rate)	\$131,996	$= 138,943 \times .95$

For a Homeowner



	Current Tax Rate	Revenue Neutral Rate (based on new values)
Property Tax Rate Per \$100 valuation	.91	.80
Property Tax Bill on a \$150,000 home	\$1,365	\$1,200
Difference from Current Tax Rate		(\$165.00)

RECOMMENDED BUDGET

- Reflects a General Fund Budget of \$22,381,039 with a tax rate of \$0.83/100 valuation, **three cents** above revenue neutral. This rate is based upon an estimated valuation of real and personal property of \$1,389,428,276 and a collection rate of 95 percent.
- Reflects an appropriated general fund balance of \$1,269,141 of which is six percent (6%) of the operational budget (a tad bit above the recommended 5%). Fund balance appropriated is at an all time high and is the difference between estimated revenues and expenditures.
- Due to the reappraisal of real property, one cent is equivalent to \$131,996 in comparison to last budget planning year's one cent equivalent of \$114,967. Therefore, for every penny on the tax rate there is increased spending of \$131,996.
- This budget provides **level funding** to the Public School, Community College, and Health Authority.
- This budget provides for an estimated payroll of \$6,164,084 without any provision for a cost-of-living increase for county employees.



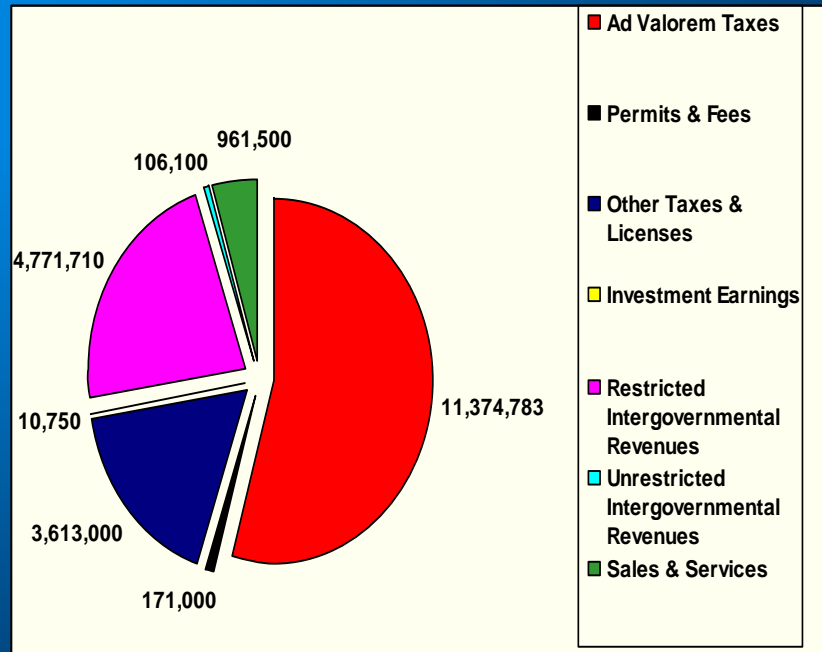
Revenues-At-A-Glance

- Ad Valorem Taxes -- Real and Personal taxes, interest and penalties, make up 51% of Hertford County's revenue stream. This is an increase of 5% over this year's tax levy.

- Restricted Intergovernmental – Federal and state offsetting revenues (22% of revenue stream) and/or grants that are restricted to the mandated use. This figure represents a 4% decrease in funding due to state cuts.

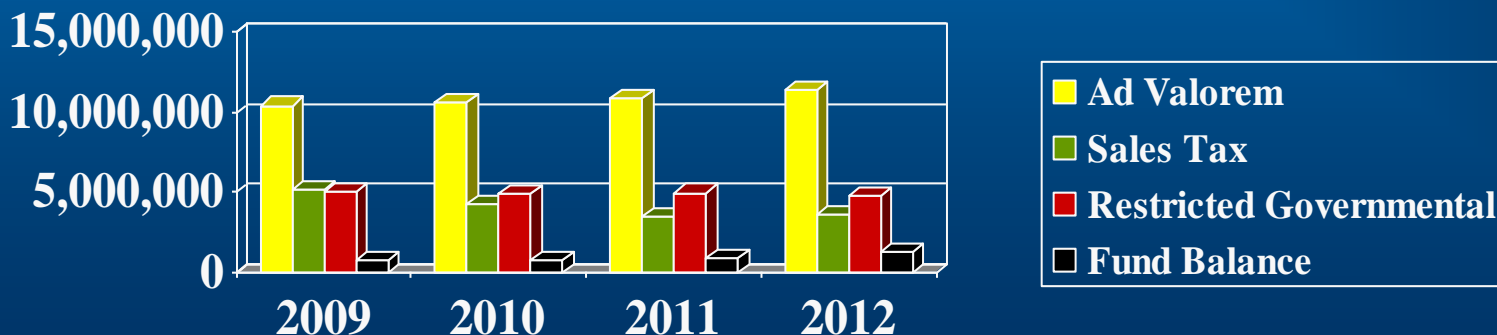
- Other Taxes & Licenses –Of the overall sales tax structure, Hertford County receives .00225 cents which makes up 16% of the county's revenue stream. Although there is a modest increase due to the ¼ cents, certain portions have been reduced considerably due to distribution methodology.

- Sales & Service – Consists of ambulance fees, jail/court officer fees, as well as tax collection fees from municipalities. This figure represents a 10% percent decrease due to the economy.



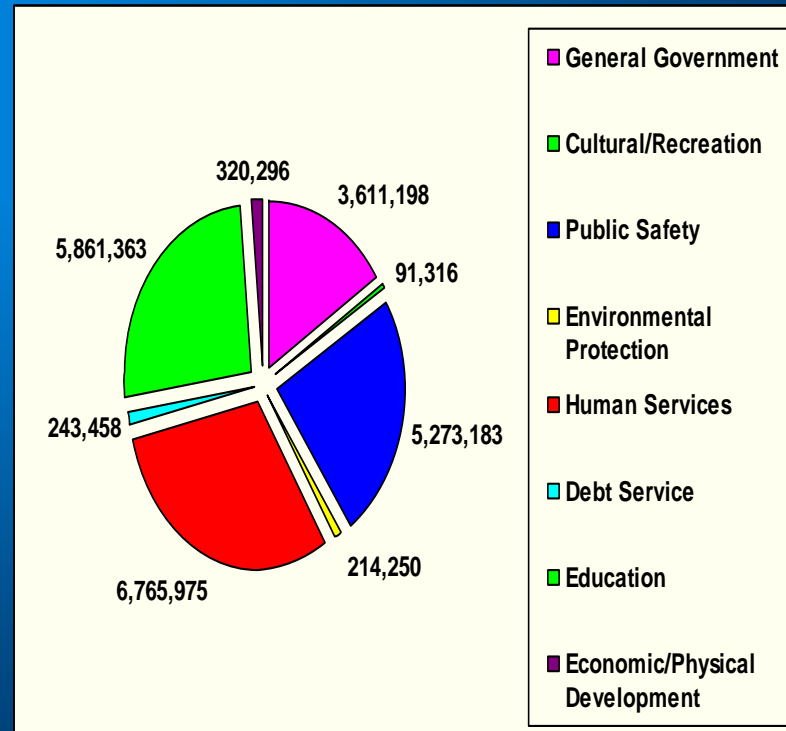
Revenue Factors

- **Ad Valorem Taxes** – The three-cent increase (above-revenue-neutral), represents \$395,000 in additional spending for this fiscal year and is the result of increases in insurances, utilities/fuel and the reorganization of the maintenance and inspections departments and loss of revenues. Please note that cuts were made to operational spending to offset the impact on the tax rate.
- **Sales Tax** – The economic downturn, **the shift of 42 from per capita to point of sales** and the hold harmless provision to municipalities continue to negatively impact county revenues.
- **Interest Income** - The economy's impact on interest rates continues to result in severe loss of revenue to county's. It virtually non-existent from \$300,000 in income to \$10,350.
- **Fund Balance** – Increased by roughly \$130,000 above the current year's appropriation to offset loss revenues and to keep tax rate at an acceptable level.



Expenditures-At-A-Glance

- Education – Makes up 26% of general fund expenditures. Hertford County spends \$238 per capita in comparison to Bertie - \$166 and Northampton - \$187.
- Public Safety – Includes Sheriff, Jail, Emergency Management, Communications, Fire, EMS & Code Enforcement makes up 23% of general fund expenditures. Public safety for citizens remain a top priority with funding indicative of same..
- Human Services – Makes up 30% of general fund expenditures, however, has \$4.45 million in offsetting revenues. Therefore, the county spends an estimated .10 on Human Services.
- General Government – Increases from 11% to 16% this fiscal year due to the creation of capital reserve fund of which all of the ¼ cent sales tax has been allocated and promised to the citizens up their approval of same. This reserve fund will facilitate future capital projects.

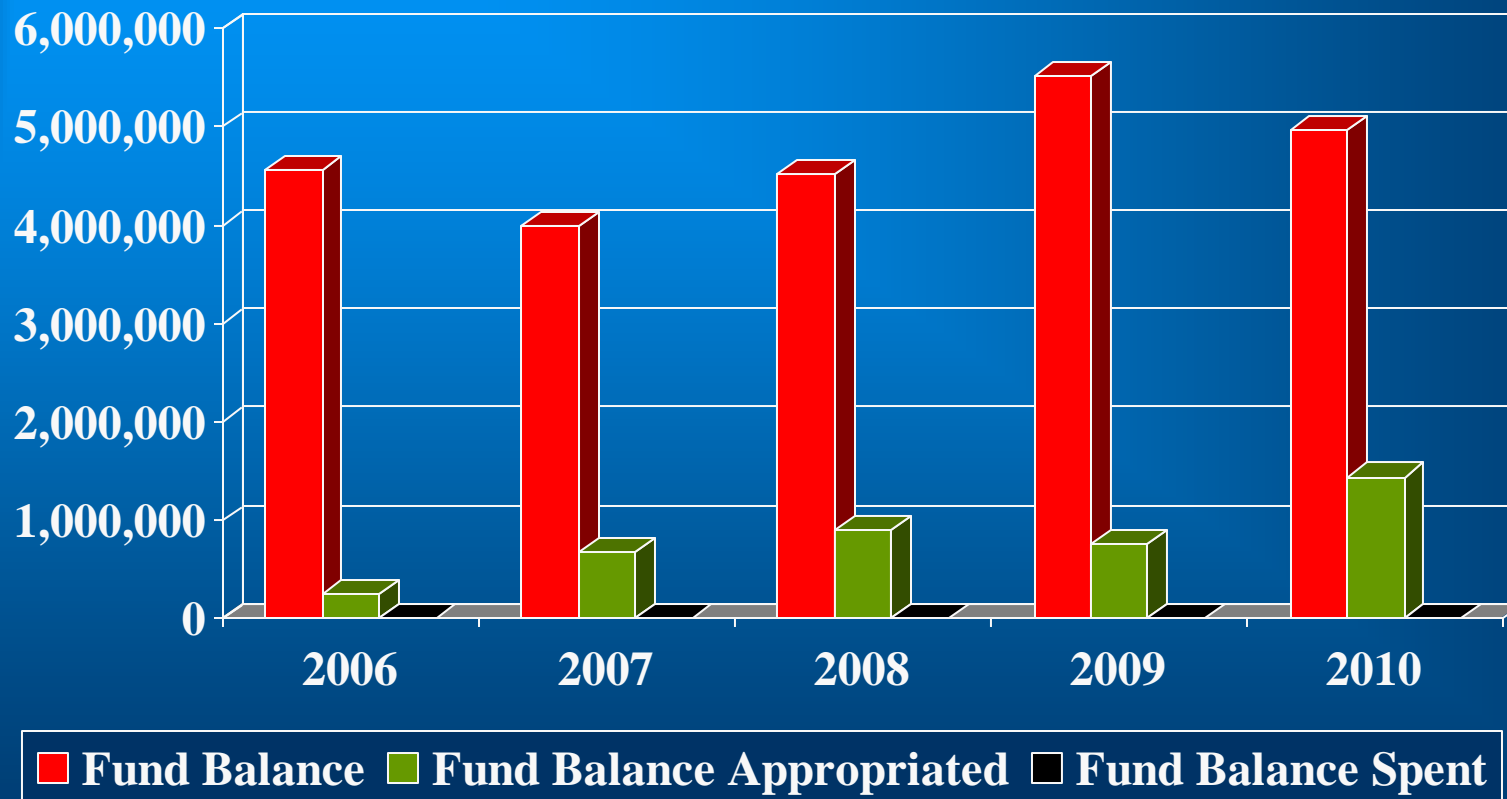


EXPENDITURE FACTORS

- General Government – Increases due to establishment of Capital Reserve Fund.
- Human Services – Remains virtually unchanged for this fiscal, thereby holding the line.
- Education – Decreases in spending due to the completion of capital projects during current fiscal year that was facilitated through lottery and ADM funding.
- Public Safety – Remains virtually unchanged for this fiscal year, thereby holding the line.



Fund Balance



GENERAL FUND CONCLUSION

- The “Budget Drivers” for this fiscal year are mainly increases in health insurance due to the dissolution of the Health Insurance Trust Fund and an abnormal experience mod for the current year, increase in fuel costs and the loss of revenue in vehicle tax, sales & services and permits/fees.
- Outside agency requests totaled some \$444,465 which would have equated to three and 1/3 cents on the tax rate. Again, this budget provides level funding to the Public Schools, Community College and Health Department. However, considerable cuts were made to non-profits that the county is not contractually obligated to fund.
- We have made in-house sacrifices (budget reductions) to allow for level funding for outside agencies, and employees should be rewarded for their efforts. However, this budget, as presented does not provide for a cost-of-living increase for employees. However, it does provide health insurance benefits at 100% which is slowly becoming a thing of the past.





ENTERPRISE FUNDS

SOLID WASTE
NORTHERN WATER
SOUTHERN WATER

SOLID WASTE



	2010-11	2011-12
Revenues		
Taxes & Licenses	904,928	952,008
Miscellaneous	1,286	100
Investment income	1,000	1,000
Solid Waste Fund Balance Appropriated	-0-	-0-
TOTAL REVENUES	\$907,214	\$953,100
Expenditures		
Salaries	374,848	*292,992
Operating Expenses	532,366	*616,665
Fund Reserve		*43,443
TOTAL EXPENDITURES	\$907,214	\$953,100

NORTHERN WATER

	2010-11	2011-12
Revenues		
Sales & Services	466,114	468,578
Miscellaneous	400	500
Investment income	-0-	-0-
TOTAL REVENUES	\$466,514	\$469,078
Expenditures		
Salaries	93,764	93,725
Operating Expenses	372,750	375,353
TOTAL EXPENDITURES	\$466,514	\$469,078



SOUTHERN WATER

	2010-11	2011-12
Revenues		
Sales & Services	1,058,686	1,058,720
Miscellaneous	3,000	3,000
Investment income	-0-	-0-
TOTAL REVENUES	\$1,061,686	\$1,061,720
Expenditures		
Salaries	153,744	156,076
Operating Expenses	907,942	905,644
TOTAL EXPENDITURES	\$1,061,686	\$1,065,486



SUMMARY – ENTERPRISE FUNDS

- **Solid Waste** – This budget recommends partial privatization of solid waste functions, namely site equipment and hauling. This will eliminate the extensive replacement costs of aging equipment and trucks. It is anticipated that certain personnel within the department will be reassigned to other departments within the county.
- There is also recommended an increase of the Tipping Fee from \$55.00/ton to \$66.00/ton. This rate is aligned with adjoining counties and will better cover our disposal costs at Bertie County Landfill.
- **Northern & Southern Water Funds** – There is not a fee increased proposed for the water districts for the upcoming fiscal year.

